

AMENDED IN SENATE JULY 10, 2001

AMENDED IN ASSEMBLY APRIL 17, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 482

Introduced by Assembly Member Cedillo
(Coauthors: Assembly Members Chan, Negrete McLeod,
Richman, Salinas, Steinberg, Wayne, and Wesson)

February 21, 2001

An act to add Chapter 8.2 (commencing with Section 10751) to Part 2 of Division 2 of the Insurance Code, relating to health insurance, and making an appropriation therefor. An act to amend Sections 12693.02, 12693.14, and 12693.77 of, and to add Sections 12693.03 and 12693.435 to, the Insurance Code, relating to the Healthy Families Program, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 482, as amended, Cedillo. ~~Health insurance: California Health Insurance Purchasing Pool: employers~~ **Healthy Families Program.**

Existing law creates the Healthy Families Program, administered by the Managed Risk Medical Insurance Board, to arrange for the provision of health care services to children less than 19 years of age who meet certain criteria, including having a gross household income equal to or less than 200% of the federal poverty level. Existing law requires program applicants to pay a family contribution for coverage. Existing law continuously appropriates money from the Healthy Families Fund for purposes of the implementation of the Healthy Families Program.

This bill would expand eligibility under the Healthy Families Program to include small employers and eligible employees. The bill would require the board to adopt regulations necessary to implement this expanded program. Because this bill expands the purposes for expenditures from the Healthy Families Fund which is continuously appropriated, the bill would make an appropriation.

~~(1) Existing law, the Health Insurance Plan of California, establishes a comprehensive scheme for providing health insurance coverage to employees of small employer groups and the dependents of those employees. Existing law provides health care coverage for eligible persons under Medi-Cal, the Healthy Families Program, and the Access for Infants and Mothers Program.~~

~~This bill would establish the Healthy Californians Program to provide health care coverage to employees and their dependents, as defined, who are permanent employees of a small employer, as defined, and would provide for the following:~~

~~(a) That a small employer may purchase health care coverage for all of its employees under the program.~~

~~(b) Establish the Healthy Californians Fund for state appropriations, employer and employee payments, and other funds allocated by the board for the purposes of the program and continuously appropriate moneys in that fund to the board for program purposes.~~

~~(c) Provide for the administration of the program by the Managed Risk Medical Insurance Board.~~

~~(d) Provide for the ratio of employer and employee share of premiums, and have the program pay the employee premium, as specified, for those employees who have an annual or monthly household income equal to or less than 250% of the federal poverty level.~~

~~(e) Make it a crime for any person to intentionally make false declarations regarding eligibility for the program, thereby imposing a state-mandated local program by creating a new crime.~~

~~(2) The bill would provide that it would be implemented only to the extent that funds are appropriated for its purposes in the Budget Act.~~

~~(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

Vote: ~~majority~~ ²/₃. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: ~~yes~~ *no*.

The people of the State of California do enact as follows:

~~SECTION 1. Chapter 8.2 (commencing with Section 10751)~~

SECTION 1. Section 12693.02 of the Insurance Code is amended to read:

12693.02. (a) “Applicant” means a person over the age of 18 years who is a natural or adoptive parent; a legal guardian; or a caretaker relative, foster parent, or stepparent with whom the child resides, who applies for coverage under the program on behalf of a child.

(b) “Applicant” also means any of the following:

(1) A person 18 years of age who is applying on his or her own behalf for coverage under the program.

(2) A person who is under 18 years of age and is an emancipated minor who is applying on his or her own behalf for coverage under the program.

(3) A minor who is not living in the home of a natural or adoptive parent, a legal guardian, or a caretaker relative, foster parent or stepparent, who is applying on his or her own behalf for coverage under the program.

(4) A minor who applies for coverage under the program on behalf of his or her child.

(5) “Applicant” also means a small employer, as defined in Section 12693.03, who applies for coverage under the program on behalf of its uninsured, eligible employees who each individually qualify as a subscriber pursuant to Section 12693.14.

SEC. 2. Section 12693.03 is added to the Insurance Code, to read:

12693.03. “Small employer” means a person, proprietary or nonprofit firm, corporation, partnership, public agency, or association that is actively engaged in business or service that, on at least 50 percent of its working days during the preceding calendar quarter, or preceding calendar year, employed at least two, but no more than 50, eligible employees, the majority of whom were employed within this state, that was not formed primarily for purposes of buying health insurance and in which a bona fide employer-employee relationship exists. In determining whether to

1 *apply the calendar quarter or calendar year test, the board shall*
2 *use the test that ensures eligibility if only one test would establish*
3 *eligibility. Except as otherwise specifically provided, provisions of*
4 *this chapter that apply to a small employer shall continue to apply*
5 *until the health benefit plan anniversary following the date the*
6 *employer no longer meets the requirements of this definition.*

7 *SEC. 3. Section 12693.14 of the Insurance Code is amended*
8 *to read:*

9 *12693.14. “Subscriber” means an applicant ~~18 years of age~~*
10 *~~or a child~~ who is eligible for and participates in the purchasing pool*
11 *component of the program.*

12 *SEC. 4. Section 12693.435 is added to the Insurance Code, to*
13 *read:*

14 *12693.435. Any small employer who meets the criteria of*
15 *Section 12693.03 may purchase health care coverage for its*
16 *qualifying employees from the program under the following*
17 *conditions:*

18 *(a) The employer shall offer the health care coverage to all of*
19 *its full-time, permanent employees within 60 days from the*
20 *employee’s date of hire.*

21 *(b) The employer shall pay one half of the cost of the premium*
22 *for the lowest cost plan for employees who have a household*
23 *income greater than 250 percent of the federal poverty level.*
24 *Eligible employees who have a household income greater than 250*
25 *percent of the federal poverty level shall pay the part of the*
26 *premium that is not paid by the employer. The proportion of the*
27 *premium paid by the employer pursuant to this section may be*
28 *changed pursuant to a collective bargaining agreement.*

29 *(c) For eligible employees who have household income equal*
30 *to or less than 250 percent of the federal poverty level the following*
31 *shall apply:*

32 *(1) The board shall pay 50 percent of the total cost of coverage*
33 *for the employee.*

34 *(2) The employee shall pay his or her family contribution as*
35 *determined by the board.*

36 *(3) The employer shall pay the remaining cost of the employee’s*
37 *coverage.*

38 *(d) The premiums for dependents enrolled in either Medi-Cal,*
39 *the Healthy Families Program, or the Access for Infants and*

1 *Mothers Program shall be paid in accordance with the provisions*
2 *governing those programs.*

3 *(e) Notwithstanding any other provision of law, any share of the*
4 *cost or family contribution amount may be paid by the employer,*
5 *as determined between the employer and the employee or through*
6 *a collective bargaining agreement.*

7 *(f) The board shall adopt regulations necessary to implement*
8 *this expanded program.*

9 *SEC. 5. Section 12693.77 of the Insurance Code is amended*
10 *to read:*

11 12693.77. (a) The board shall develop safeguards to assure
12 the fiscal integrity of the program.

13 (b) The program shall ensure that subscribers are not eligible
14 for no-cost full-scope Medi-Cal coverage. The board may provide
15 data on applicants and subscribers to the State Department of
16 Health Services for determination of Medi-Cal eligibility. The
17 State Department of Health Services shall identify those
18 subscribers enrolled in the program who are concurrently enrolled
19 in Medi-Cal with no share of cost.

20 (c) Any person who intentionally makes false declarations as
21 to his or her eligibility or any person who intentionally makes false
22 declarations as to eligibility on behalf of any other person seeking
23 eligibility under this part for which that person is not eligible shall
24 be guilty of a misdemeanor.

25 (d) Plans and providers shall be subject to Section 550 of the
26 Penal Code.

27 (e) Any person who intentionally makes false declarations as
28 to his or her eligibility or any person who intentionally makes false
29 declarations as to eligibility on behalf of any other person seeking
30 eligibility under this part for which that person is not eligible may
31 be denied coverage for up to one year from the date of the denial
32 of coverage by the board.

33 *(f) The board shall coordinate the enrollment of eligible*
34 *employees and dependents who have a household income equal to*
35 *or less than 250 percent of the federal poverty level into Medi-Cal,*
36 *the Healthy Families Program, or the Access for Infants and*
37 *Mothers, whichever is applicable. Eligibility for Medi-Cal, the*
38 *Healthy Families Program, and the Access for Infants and*
39 *Mothers Program shall be determined under the provisions of*
40 *those programs.*

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**All matter omitted in this version of the
bill appears in the bill as amended in the
Assembly, April 17, 2001 (JR 11)**

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